

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-05 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
FEA-01 SIL-01 NEA-10 OPIC-03 /127 W
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TO SECSTATE WASHDC PRIORITY 1432
INFO AMEMBASSY PARIS PRIORITY
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USOECD

USEEC

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E.O. 11652: NA
TAGS: ETRD, JA
SUBJECT: REACTION TO US STEEL DUMPING CHARGE

SUMMARY: PRESS REACTION TO U.S. STEEL'S DUMPING CHARGE HAS
PREDICTABLY CONCERNED ON INDUSTRY OPPOSITION TO LENGTHY
AND POSSIBLY COMPROMISING DUMPING INVESTIGATIONS, AS WELL
AS CALLS FOR VOLUNTARY RESTRAINT. IN A SIMILAR VEIN, MITI
STATEMENTS HAVE LABELED THE ACTION AS COUNTERPRODUCTIVE TO
A REAL SOLUTION FOR THE STEEL PROBLEM AND AGAIN INDICATED
AGREEMENT TO BILATERAL NEGOTIATIONS IF THE USG WANTS THEM.
ALL PRESS ARTICLES MADE NOTE OF APPARENT DISCRIMINATION IN
DIRECTING US STEEL'S CHARGE AGAINST ONLY JAPANESE EXPORTS.
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PUBLICLY AND PRIVATELY, THE JAPANESE ARE CONTINUING TO
PUSH FOR QUANTITATIVE RESTRAINT IN HOPE THAT PROMPT
ACTION ON THAT WILL LIST PRESSURE ON DUMPING.
END SUMMARY.

1. PUBLIC ANNOUNCEMENT OF THE U.S. STEEL DUMPING
CHARGE HAS RECEIVED EXTENSIVE COVERAGE IN SEPT. 21-23

EDITIONS OF ALL MAJOR JAPANESE PAPERS. MOST PAPERS COUPLED A DESCRIPTION OF THE CHARGE ITSELF WITH A STATEMENT BY NIPPON STEEL CHAIRMAN INAYAMA WHICH EXPRESSED THE NEED FOR "ORDERLY EXPORTS" AND MAINTENANCE OF FRIENDLY RELATIONS WITH THE U.S. INDUSTRY, BUT DENIED ANY PRACTICE OF DUMPING. INAYAMA ONCE AGAIN CALLED FOR QUANTITATIVE RESTRAINTS ALONG THE LINES OF THE JAPAN-EC ARRANGEMENT.

2. IN RELATED ARTICLES, MOST PAPERS REPORTED A DESIRE BY THE BIG SIX STEEL MAKERS TO ENTER A VRA AS SOON AS POSSIBLE. SOME ARTICLES SPECULATED THAT THE INDUSTRY IS RESIGNED TO A LEVEL OF APPROX. 6MIL. MT IN U.S.-BOUND EXPORTS--A DECREASE OF SOME 20 PERCENT FROM JFY 1976. BIG SIX INTENTIONS TO REDUCE 4TH QUARTER 1977 EXPORTS BY 10 PERCENT FROM 3RD QUARTER LEVELS, WITH FURTHER REDUCTIONS DURING 1ST QUARTER 1978, HAVE BEEN WELL PUBLICIZED. A NIHON KEIZAI SHIMBUN ANALYSIS POINTED OUT THAT EFFECTIVE IMPLEMENTATION OF A VRA WILL REQUIRE THE PARTICIPATION OF JAPAN'S SMALLER STEEL MAKERS, WHICH IN TURN WILL REQUIRE MITI'S INTERVENTION.

3. ALL REPORTS NOTED THAT U.S. STEEL'S CHARGE SINGLED OUT JAPAN WITHOUT INCLUDING EC EXPORTERS. THEY ALSO DESCRIBED CONTINUING RESERVATIONS AMONG GOJ AND LIMITED OFFICIAL USE

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INDUSTRY OFFICIALS TOWARD THE METHODOLOGY FOR EVALUATING DUMPING CHARGES CONTAINED IN ARTICLE 205-B. THE JAPANESE INDUSTRY IS REPORTEDLY MAINTAINING ITS OPPOSITION TO PROVIDING DATA ON COST PRODUCTION AND HOPES THAT SPEEDY ENACTMENT OF A VRA WILL CAUSE THE DUMPING COMPLAINT TO BE WITHDRAWN.

4. MOST PAPERS ALSO CARRIED MITI (AMAYA) STATEMENT THAT U.S. STEEL'S SUIT IS NOT ONLY AN OBSTACLE TO SOLVING THE STEEL TRADE PROBLEM, BUT WILL IMPACT UNFAVORABLY ON THE PENDING OECD TALKS. THE ASAHI INDICATED THAT MITI IS PREPARED TO (1) BRING THE DUMPING CASE UP FOR DISCUSSION AT THE OECD; (2) ENTER BILATERAL NEGOTIATIONS IF THE USG SO REQUESTS; (3) CONSIDER AN APPEAL TO GATT IF 205-B PROCEDURES APPEAR TO BE TOO UNREASONABLE. SEVERAL PRESS REPORTS AGAIN COMMENTED THAT THE USG IS THE REAL TARGET OF U.S. STEEL'S ACTION AND THAT THE USG WILL HAVE TO CONSIDER AN AGREEMENT ON QUANTITATIVE RESTRAINTS IF INDUSTRY/LABOR PRESSURE--PARTICULARLY THROUGH THE CONGRESS--BECOMES TOO STRONG.

5. COMMENT: MOST OF THIS COVERAGE IS A PREDICTABLE
RESTATEMENT OF JAPANESE ATTITUDES TOWARD CURRENT
PROBLEMS WITH THEIR STEEL EXPORTS. WHILE THERE IS
CLEARLY SOME FEELING OF RESIGNATION TOWARD RESTRIC-
TIONS TO A LEVEL OF 6 MIL. MT, THERE DOES NOT APPEAR
TO BE CONSENSUS ON THIS POINT.

6. INAYAMA'S REFERENCE TO A JAPAN-EC VRA IS IN-
DICATIVE OF WHAT THE BIG SIX STILL REGARD AS THE
MOST PREFERABLE APPROACH TO EXPORT CONTROLS--A
JAPANESE INDUSTRY CARTEL ESTABLISHED WITH GOJ AP-
PROVAL. IN SPITE OF DIFFICULTIES CAUSED BY THE
NEED TO ACCOUNT FOR THE SMALLER STEEL PRODUCERS, AS
WELL AS ANTI-TRUST PROBLEMS AND OFFICIAL USG OPPOSI-
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TION, THE BIG SIX ARE STILL LOOKING FOR SOME
FORM OF VRA AND SEEM TO THINK THAT POLITICAL
PRESSURES MAY COMPEL US TO MOVE IN THIS DIRECTION
AS WELL.
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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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